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SUBJECT: NEW CUSTOMS DIRECTOR DISCUSSES RETURN OF CUSTOMS
CONTROL TO NORTH; VALUATION OF IMPORTED VEHICLES

11. (SBU) Summary. Cote d'Ivoire's new Customs Director, Col. Alphonse Mangly, expects the redeployment of customs officials to the north of the country to begin the week of May 12. In an April 30 meeting, Mangly told Ambassador candidly that he was not certain how the customs officials would work with elements of the Forces Nouvelles (FN) but said the latter were "eager" for professional customs officers to return to work. At Embassy's request, Mangly agreed to look into the system currently used by the Customs service to value vehicles imported from the U.S. The adjustment we are seeking could translate into increases in U.S. exports worth millions of dollars. End Summary.

12. (SBU) Ambassador and EconCouns met newly-appointed Customs Director Colonel Alphonse Mangly in a cordial meeting on April 30. Mangly succeeds Col. Gnamien Konan, who in early April declared his candidacy for the presidency in elections scheduled for November 30. The discussion touched on the topics of the proper valuation of cars imported from the U.S. and plans to reunify the national Customs directorate ("la unite de caisse") through a gradual redeployment of Customs officials at border points and key cities in the north, most of which are still under the de-facto control of the Forces Nouvelles (FN) rebel group.

Reunification of the Customs Directorate in the North

13. (SBU) Ambassador asked Mangly about published reports that the government will soon reintroduce the Customs network of border officials and revenue collection points throughout the north. Mangly said that along with disarmament, the "unite de caisse" is a key factor in the normalization of the country and extension of the government's writ through the whole territory in advance of the November 30 presidential election. Mangly said the Customs service would be sending 18 officials to the north the week of May 12. On May 15, they would be officially "deployed" at the main border post with Burkina Faso at a ceremony which Prime Minister Soro reportedly will attend. According to the 2008 budget, the redeployment of Customs nationwide is supposed to generate approximately USD 100 million, a substantial sum in tight budgetary times.

14. (SBU) Asked about the Force Nouvelles, (FN) acceptance of the Customs service's redeployment, Mangly said the former rebels are "pressing for us to return." Mangly admitted his own surprise at this, saying he wasn't sure why the group would be eager to see the illicit, quasi-customs revenue streams it now collects be diverted to the national treasury. According to Mangly, the FN said they would "provide" 18 of

their own officials to "facilitate" the Customs officials' redeployment. However, it was unclear to Mangly if the Forces Nouvelles' intention is to have the 18 become Customs officers, have them work out a revenue "sharing" scheme, or serve some other purpose. He speculated that if FN members are hoping to become customs officials, they may be dismayed to learn that there is a rigorous process one must first complete. Mangly said he and his agency would "soon find out" how this would all work. If the May 15 redeployment goes well, redeployment of the rest of the Customs offices including to FN stronghold of Bouake, would take place in the coming months.

Promise to Review Valuation of Cars Imported from the U.S.

15. (SBU) For readers background, Cote d'Ivoire is a modest importer of autos, with approximately 150,000 used and 3,000-4,000 new cars coming in annually. European brands continue to lead the market -- Peugeot and Citroen have a reported 45 percent market share, according to a recent business publication -- but Asian brands are rapidly expanding market share. With the sustained fall in the value of the U.S. dollar relative to the Euro (to which the local currently, the franc CFA is pegged), used vehicles from the U.S. have become very attractive in comparison to their European counterparts, often costing 20-40 percent less. Importers report interest is particularly acute in the luxury brand lines, but excellent value in autos can be found in all U.S. market segments in comparison with the same products in Europe.

16. (SBU) Background continued: Ivoirian Customs currently charges duties using a valuation chart that assumes imported

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vehicles are coming from Europe, even if they are purchased in and exported from the U.S., with U.S. bills of sale. An example of this unfair treatment would be the importation of the locally-popular BMW 4x4: if an importer purchased a used one from Florida for USD 40,000 versus USD 55,000 that he would pay in Germany or France, Ivoirian Customs uses the USD 55,000 value to calculate customs duties, vice the U.S. price. Since auto duties are 44 percent for both new and used vehicles, this policy substantially penalizes U.S. exports.

17. (SBU) The Ambassador explained to Mangly that numerous importers have relayed to the Embassy their concerns about how Ivoirian Customs values and taxes cars coming from the U.S., and briefly explained the problem described above. Mangly readily acknowledged that notionally, the policy is incorrect and inconsistent with Cote d'Ivoire's trade obligations. He said autos manufactured in the U.S. should be considered from the U.S. for the purposes of customs valuation. He promised to look into the situation and give Embassy a formal response shortly.

Customs Service Would Welcome USG Assistance

18. (SBU) Mangly told Ambassador that Cote d'Ivoire's Customs Service has suffered due to a lack of well-trained personnel. While advanced technology can help the Customs service do its job, Mangly said that "machines don't work without coordination, discipline and dedication." Mangly mentioned protection of Ivoirian intellectual property (particularly traditional wax fabrics) and the fight against drug trafficking as top priorities, and asked if the U.S. could help with training of Ivoirian Customs officials, either bilaterally or in a regional context. Ambassador noted that while Section 508 sanctions impede most forms of bilateral assistance, a rapid end to the political crisis through free and fair elections could produce an end to those restrictions. Embassy agreed to inform appropriate departments of Cote d'Ivoire's interest in customs training should future conditions permit this.

19. (SBU) Comment. Mangly appears to be very much a technocrat, a welcome personnel move for a government agency so important to the government's fiscal well-being and often viewed as highly corrupt. He gave the impression of being genuinely intent on extending his agency's writ countrywide and boosting government revenues accordingly. His response to concern about the valuation of imported autos was refreshing after nearly six months of stalemated discussions with his predecessor. Post will monitor actual results on both issues. End Comment.

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